



## GILA RIVER TELECOMMUNICATIONS, INC.

"Proudly serving the Gila River Indian Community."

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May 15, 2002

/Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

Ms. Irene Flannery  
Vice President – High Cost and Low Income Division  
Universal Service Administrative Company  
2120 L Street, NW, Suite 600  
Washington, DC 20037

RE: *Federal-State Joint Board on  
Universal Service*

CC Docket No. 96-45

RE: *Multi-Association Group (MAG) Plan for  
Regulation of Interstate Services of  
Non-Price Cap Incumbent Local Exchange  
Carriers and Interexchange Carriers*

CC Docket No. 00-256

On behalf of Gila River Telecommunications, Inc. (GRTI), I write to certify that GRTI elects to disaggregate and target high-cost universal service support under Path 3 as specified in 47 CFR 54.315. GRTI is a tribally owned local exchange carrier serving the Gila River Indian Community. GRTI has been assigned study area number 452179. The following enclosures demonstrate that GRTI's plan complies with the requirements established by the FCC for Path 3 election and for disaggregation filings as set out in 47 CFR 54.315.

- Attachment A – Documentation supporting the methodology and rationale
- Attachment B -- Maps of the study area and disaggregation zone

We are also enclosing a copy of the certification form for you to stamp as received and return to us in the enclosed postage prepaid envelope.

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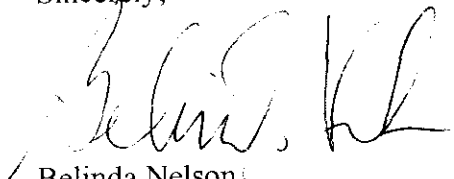
Box 5015, 7065 W Allison Drive, Chandler, Arizona 85226-5135, (520) 796-3333 fax (520) 796-7534

Please address any questions or correspondence regarding this filing to myself or our cost consultant Rob Strait at the following address:

Rob Strait  
Beacon Telecommunications Advisors, LLC  
2110 Vickers Drive, Suite 2106  
Colorado Springs, CO 80918  
719.531.6342  
[rob\\_strait@beaconbright.com](mailto:rob_strait@beaconbright.com)

I certify that I am authorized to make this certification on behalf of GRTI.

Sincerely,

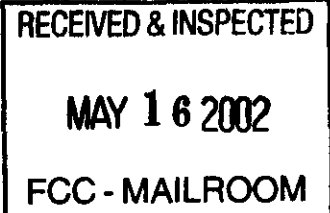
A handwritten signature in black ink, appearing to read "Belinda Nelson", is written over a horizontal line.

Belinda Nelson  
General Manager  
Gila River Telecommunications, Inc.  
7065 W. Allison Road  
Chandler, AZ 85226  
520.796.3333

enclosures

## Attachment A

Gila River Telecommunications, Inc.



### Disaggregation of Universal Service Support Mechanisms

#### Introduction

1. This filing is made by Gila River Telecommunications, Inc. (GRTI) to elect Path Three disaggregation of explicit Federal high-cost support in its single study area in the state of Arizona. This study area has been assigned the Study Area Code number 452179. This filing is made in response to the requirements of Section 54.315, disaggregation and targeting of high-cost support by rural incumbent local exchange carriers, as it was originally adopted<sup>1</sup> and further amended<sup>2</sup> by the Federal Communications Commission (FCC). This filing is made pursuant to the requirements of Section 54.315 and is consistent with all of the rules of the FCC which specify the requirements for disaggregation and targeting filings.

#### Description of Disaggregation Plan

2. The GRTI study area contains 7 wire centers. The GRTI disaggregation plan establishes two support zones. Zone 1 will consist of an industrial park/airport location at the northern edge of the Lone Butte exchange in close proximity to the switch location. This zone consists entirely of business lines, and contains no residential lines. Zone 2 will be the remainder of the GRTI serving area.
3. The GRTI disaggregation plan meets the criteria established in 54.315 that support be disaggregated "to the wire center level", or "no more than two cost zones per wire center". This disaggregation is done differently for loop -related (i.e., HCL, LTS and ICLS) and switch-related (i.e., LSS) support mechanisms. The precise means by which this disaggregation is performed are described in the following sections.

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<sup>1</sup>*Federal-State Joint Board on Universal Service, and Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket Nos. 96-45 and 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, released May 23, 2001 ("RTF Order").

<sup>2</sup>*Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Federal-State Joint Board on Universal Service, Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation, and Prescribing the Authorized Rate of Return For Interstate Services of Local Exchange Carriers*, CC Docket Nos. 00-256, 96-45, 98-77 and 98-166, Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166, FCC 01-304, released November 8, 2001 ("MAG Order").

4. The GRTI study area currently receives explicit Federal support as follows.

**Support Summary**

		<b>Monthly</b>	<b>Per Line</b>
High Cost Loop	HCL	\$85,117	\$22.90
Long Term Support	LTS	\$39,909	\$10.74
Interstate Common Line Support	ICLS	\$27,498	\$7.40
Local Switching Support	LSS	\$28,197	\$7.59
	<b>Total</b>	<b>\$180,721</b>	<b>\$48.62</b>

The HCL, LTS and LSS amounts shown above are based upon second quarter 2002 actual receipts. The ICLS amount is based upon the NECA projection of ICLS support for the year ended June 30, 2003.

5. The GRTI disaggregation plan provides support as follows for the High Cost Loop (HCL), Long Term Support (LTS), Interstate Common Line Support (ICLS) and Local Switching Support (LSS) mechanisms:

<b>HCL</b>		<b>LTS</b>		<b>ICLS</b>		<b>LSS</b>	
<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 1</b>	<b>Zone 2</b>
\$0.00	\$29.38	\$0.00	\$13.78	\$0.00	\$9.49	\$7.59	\$7.59

**Loop-Related Support**

6. Loop related support is composed of High Cost Loop (HCL) support (Part 36, Subsection F), Long Term Support (LTS) (Section 54.503) and Interstate Common Line Support (ICLS) (Section 54.901). All of these mechanisms provide support to carriers with high loop costs. While the exact methods by which these mechanisms calculate support are not identical, all three mechanisms provide support in a manner in which the higher the loop cost of the carrier, the more support the carrier receives. In disaggregating loop-related support, the support was assigned to individual wire centers in proportion to the costs identified for each wire center by a publicly available proxy model.
7. This plan meets the requirements of 54.315(d)(2) that it be "reasonably related to the cost of providing service for each disaggregation zone" for the following two reasons:
  - a. As described more fully in paragraphs 8 and 9, below, the publicly available proxy model provides data that indicates that when line density exceeds 100 lines per square mile, then the cost is of a level that does not require explicit high-cost support. Business line density in this area over the four-year duration of this plan will be well in excess of 100 per square mile.
  - b. This area serves only business lines. Business lines pay almost three times the monthly rate as residential lines, and therefore receive substantially less support.

GRTI currently charges \$36 per month for a business line and \$13 for a residence line.

8. The publicly available proxy model indicates that explicit high cost support is not required in any area that has a density of over 100 lines per square mile. Under Part 36, Subsection F, a study area does not qualify for HCL support if its cost is below 115% of the nationwide average. It is therefore reasonable to extend this principle to imply that if an area of geography can be identified where the cost is less than 115% of the nationwide average, then it likewise does not require high-cost support. The publicly available proxy model has a nationwide average cost of \$27.02. Thus, any area with a cost of less than \$31.07 does not require support. The following table provides data from the proxy model both for the nationwide average of all rural and non-rural study areas, as well as for GRTI specifically:

Households per Sq. Mi.	Monthly Cost	
	Nat'l Avg.	GRTI
0 – 5	\$133.00	\$118.06
5 – 100	\$48.44	\$56.19
100 – 200	\$30.72	\$25.99
200 – 850	\$26.43	N/A
850 – 2500	\$23.11	N/A
2500+	\$20.29	N/A

From this data it can reasonably be concluded that an area with over 100 lines per square mile does not require explicit high-cost support.

9. The publicly available proxy model that is utilized in this methodology is the Benchmark Cost Proxy Model Version 3.0 (BCPM3) with FCC Common Inputs that was placed on the public record in CC Docket 96-45 by the model sponsors Bell South, Sprint and U S WEST on December 11, 1997. It is important to note that this model data is used solely to a cost statistic indicating the relationship of subscriber density to the cost of providing telephone service, solely for purposes of distributing the fixed amount of total study area support. Furthermore, even though the cost data was submitted in late 1997, it utilizes a forward-looking cost methodology and a network architecture that is currently used today, and that is similar to that used in the FCC's Hybrid Cost Proxy Model (HCPM). The results of the BCPM3 with FCC Common Inputs correlate very well with the results of the HCPM. The computed results of the HCPM for the non-rural study areas are not publicly available, whereas the results from the BCPM3 with FCC Common Inputs are. For this reason this data forms a publicly available and reliable basis for assessing the relative costs of the GRTI wire centers.
10. The fact that the Zone 1 area serves only business lines is significant. The Federal high-cost support funds exist primarily for the benefit of residential customers in remote and high-cost areas of the nation. The Zone 1 area established by this plan contains a resort hotel and entertainment complex, an industrial/office park and an

airport. It is located along the heavily traveled I-10 corridor, and abuts the metropolitan Phoenix area. The customers in this area are densely concentrated, located in close proximity to the switch location, and pay rates that more than cover their costs. This area is in stark contrast to the remainder of the GRTI serving area. While line density in Zone 1 exceeds 100 lines per square mile, the following data clearly illustrates the serving conditions on the remainder of the Reservation:

<b>Wire Center</b>	<b>Housing Units</b>	<b>Area (mi2)</b>	<b>Density HH/mi2</b>
Blackwater	255	69.0	3.7
Casa Blanca	593	94.3	6.3
Komatke	451	80.4	5.6
Lone Butte	157	169.0	0.9
Maricopa	218	36.7	5.9
Sacaton	716	62.6	11.4
Stotonic	518	71.8	7.2
<b>Total</b>	<b>2,908</b>	<b>583.9</b>	<b>5.0</b>

This data indicates an average housing density of less than 5 households per square mile. It is also important to note that the 2,908 housing units indicated by the 2000 Census are served by 1,891 residential lines. This would indicate a penetration rate of approximately 65%. Federal high-cost support should be provided for the benefit of these customers. It is thus fully consistent with the principles of 54.315 that all loop-related support is provided to the lines in Zone 2.

### **Switch-Related Support**

11. Switch-related support is composed of Local Switching Support (LSS) (Section 54.301). Since switching support is not related to the same density and distance factors that influence loop-related support, LSS has not been disaggregated to individual wire centers. In this disaggregation plan a uniform per-line amount of LSS is provided to each line in the study area. Since the average switch-related support in this study area is \$7.59 per line per month, this amount of LSS will be provided in each support zone.

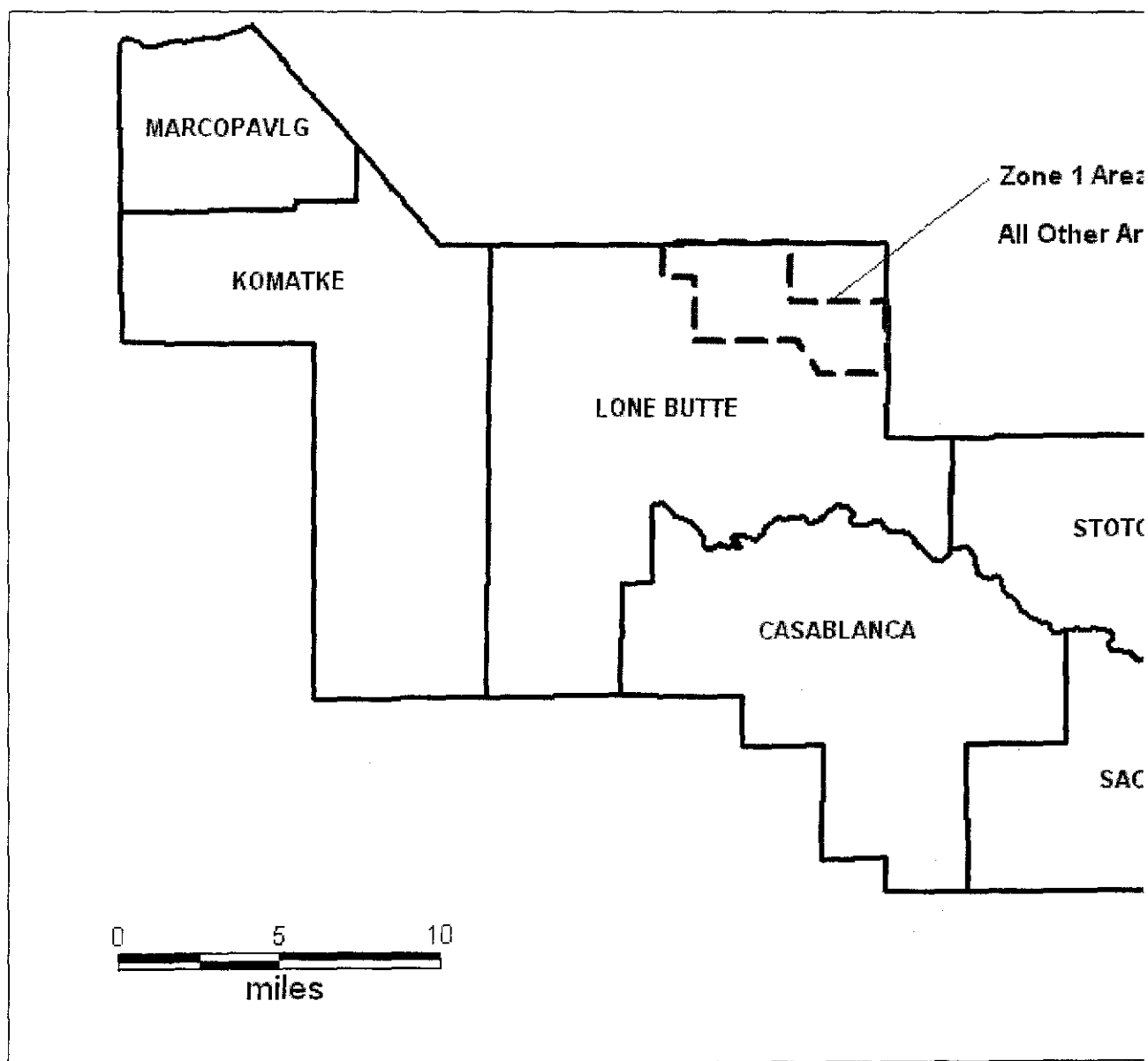
### **Total Study Area Support**

12. The support provided by this disaggregation plan will produce this same level of total support as detailed in 4, above, as demonstrated by the following chart. This chart is computed by multiplying the quantity of lines in each zone times the zone price as indicated in 5, above:

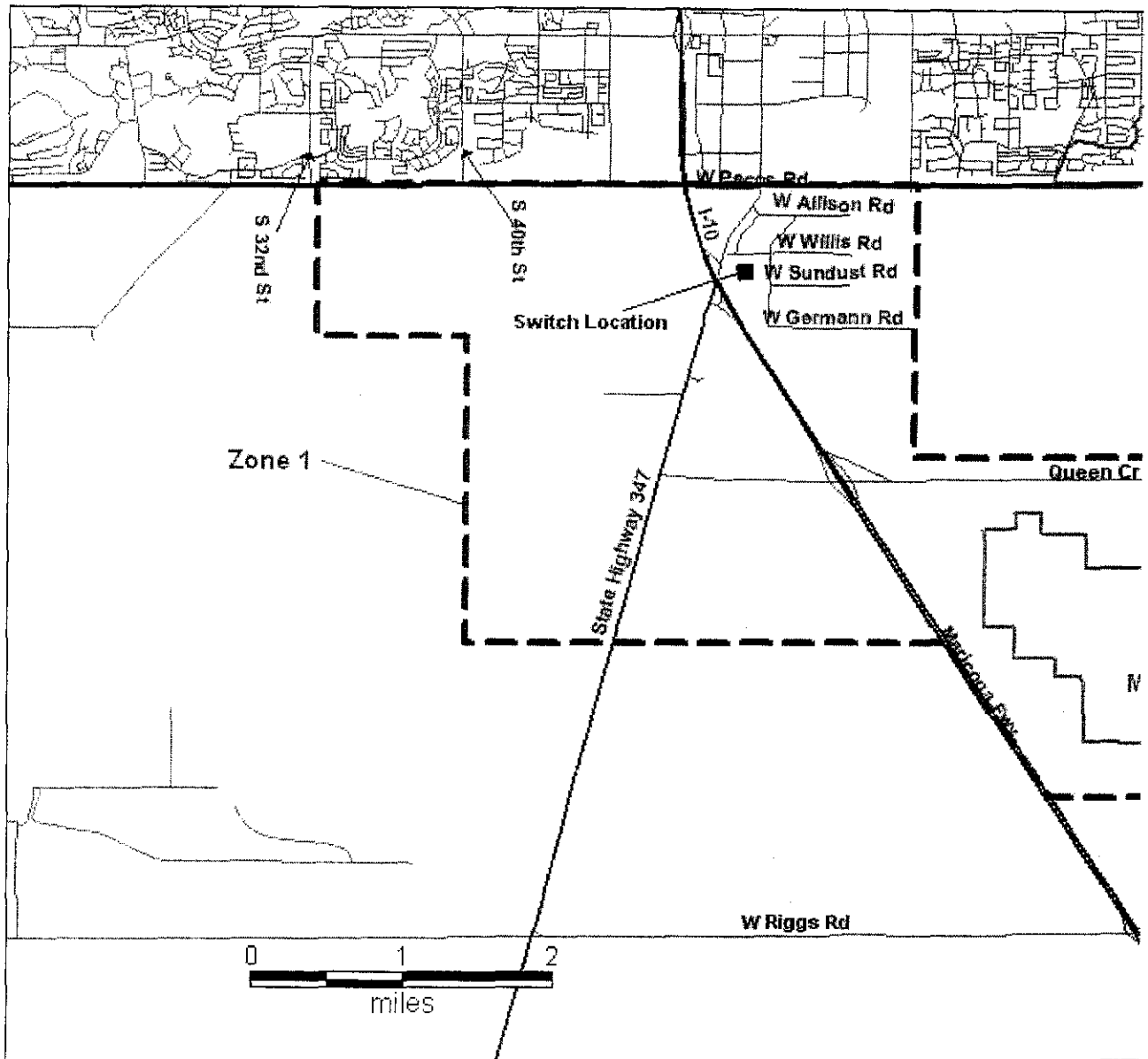
Lines		HCL Revenue		LTS Revenue		ICLS Revenue		LSS Revenue		Total
Zone 1	Zone 2	Zone 1	Zone 2	Zone 1	Zone 2	Zone 1	Zone 2	Zone 1	Zone 2	
820	2,897	\$0	\$85,117	\$0	\$39,909	\$0	\$27,498	\$6,220	\$21,977	\$180,721

13. Based upon the foregoing, Gila River Telecommunications, Inc. certifies that it meets the requirements of Part 54.315 of the FCC rules for disaggregation.

Attachment B 1 of 2



Attachment B 2 of 2



DOCUMENT OFF-LINE

This page has been substituted for one of the following:

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